



COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL

648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2713

June 23, 2004

TTY
(213) 633-0901
TELEPHONE
(213) 974-0811
TELECOPIER
(213) 626-2105

Violet Varona-Lukens, Executive Officer
Board of Supervisors
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

**Re: Ordinance Adding Title 4 – Revenue and Finance,
Chapter 4.69 – Los Angeles County Transactions and Use Tax**

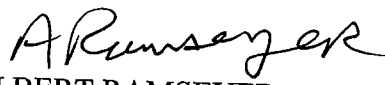
Dear Ms. Varona-Lukens:

At its meeting of June 15, 2004, the Board of Supervisors placed on its agenda for June 29, 2004, as a special order of business at 11:00 a.m., the consideration of the matter of a 1/2-cent sales tax measure on the November 2, 2004 ballot to finance law enforcement needs in the County Sheriff's Department and the many municipal police agencies within the County's boundaries.

Attached for the Board's consideration is the text of the Sheriff's initiative in the form of a proposed ordinance.

Very truly yours,

OFFICE OF THE COUNTY COUNSEL

By 
ALBERT RAMSEYER
Principal Deputy County Counsel
Special Services Division

APPROVED AND RELEASED:


RAYMOND G. FORTNER, JR.
Chief Deputy County Counsel

Enclosure

ANALYSIS

This ordinance establishes Chapter 4.69 of the Los Angeles County Code to propose a 1/2 cent Los Angeles County Transactions and Use Tax, that becomes effective only after approved by two-thirds of the qualified voters in the County voting in an election on the issue. The proceeds of the tax are designated for public safety services, local anti-terrorism efforts, and homeland security.

OFFICE OF THE COUNTY COUNSEL

By: ARamseyer
ALBERT RAMSEYER
Principal Deputy County Counsel
Special Services Division

AR:lm

(Date Requested : 6/15/04)

ORDINANCE NO. _____

An ordinance amending Title 4 - Revenue and Finance of the Los Angeles County Code, by adding Chapter 4.69 - Public Safety and Homeland Security Tax Act.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. This Act shall be known as "The Public Safety and Homeland Security Tax Act."

SECTION 2. Purpose and Intent: The People of the County of Los Angeles find and declare that:

- (A) Public safety services are critically important to the security and well-being of the County's citizens and to the growth and revitalization of the County's economic base.
- (B) The protection of the public safety is the first responsibility of local government and local officials have an obligation to give priority to the provisions of adequate public safety services.
- (C) In order to assist local governments in maintaining a sufficient level of public safety services, the proceeds of this section shall be designated exclusively to maintain, improve, or expand funding of local law enforcement. Local financial resources to the Sheriff, and city law enforcement agencies shall not be reduced below the adopted budget for the 2003/04 fiscal year.

For purposes of this paragraph, the adopted budget for the 2003/04 fiscal year may be adjusted to reflect reduced expenditures necessitated by reductions in state and federal assistance, or reductions in any other revenue source beyond the control of that local government entity.

- (D) If a loss or reduction in local general purpose financial resources occurs, proceeds from this Ordinance may be used to ensure public safety funding is not reduced below the adopted budget for the 2003/04 fiscal year, only if local financial resources to public safety are not reduced more than the total percent of the loss or reduction within the affected year.

SECTION 3. Chapter 4.69 is hereby added to read as follows:

Chapter 4.69

THE PUBLIC SAFETY AND HOMELAND SECURITY TAX ACT

- 4.69.010 The Public Safety and Homeland Security Tax Act.
- 4.69.020 Imposition of retail transactions tax.
- 4.69.030 Imposition of use tax.
- 4.69.040 Definitions.
- 4.69.050 Expenditure plan for the use of revenues received from imposition of the transactions and use tax

- 4.69.060 Application of sales and use tax provisions of Revenue and Taxation Code.
- 4.69.070 Adoption of Revenue and Taxation Code Sections 7261 and 7262.
- 4.69.080 Place of consummation of retail transaction.
- 4.69.090 Accountability Measures.
- 4.69.100 Effective and Operative Dates.

4.69.010. The Public Safety and Homeland Security Tax Act.

The ordinance codified in this Chapter shall be known as "The Public Safety and Homeland Security Tax Act."

4.69.020. Imposition of retail transactions tax.

There is hereby imposed a tax for the privilege of selling tangible personal property at retail upon every retailer in the County at a rate of one-half of one percent of the gross receipts of the retailer from the sale of all tangible personal property sold at retail in the County. This is in addition to previously imposed transactions and use taxes.

4.69.030. Imposition of use tax.

There is hereby imposed a complementary tax upon the storage, use or other consumption in the County of tangible personal property purchased from any retailer for storage, use or other consumption in the County. Such tax shall be at a rate of one-half of one percent of the sales price of the property whose storage, use or other consumption is subject to the tax. This is in addition to previously approved use taxes.

4.69.040. Definitions.

The following words, whenever used in the Ordinance, shall have the meaning as set forth below:

A. "County" means the incorporated and unincorporated territory of the County of Los Angeles.

B. "City" means any incorporated territory of the County of Los Angeles.

C. "Countywide Interoperability System" means a system of equipment and procedures to provide for effective communications between public safety agencies in the County of Los Angeles.

D. "Public Safety and Homeland Security Purposes," are expenditures which maintain, improve, and expand sworn law enforcement, public safety, homeland security, local anti-terrorism efforts and emergency response, and include, but are not limited to the following:

1. County Emergency/Disaster Operations
2. Crime investigations and basic public safety services
3. Expanded role of community-oriented policing
4. Local anti-terrorism efforts and intelligence gathering
5. Emergency response and related training/preparedness

E. "Transaction" or "Transactions" have the same meaning, respectively, as the words "Sale" or "Sales;" and the word "Transactor" has the same meaning as "Seller," or "Sale" or "Sales" and "Seller" are used in Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

F. "Population" means the most recent annual estimate of population published by the California State Department of Finance, or for a newly incorporated city, the County Auditor/Controller's best estimate, until that newly incorporated city's population is included in the Department of Finance publication.

4.69.050 Expenditure plan for the use of revenues received from the imposition of the transactions and use tax.

The revenues received by the County from the imposition of the transactions and use tax shall be used for Public Safety and Homeland Security Purposes, as follows:

A. Purpose of the Tax.

The revenues raised by this measure will be used to increase security in our County by strengthening public safety services, homeland security, local anti-terrorism efforts, and emergency response to extraordinary emergencies throughout Los Angeles County.

Tax Revenues dedicated to the Sheriff and local law enforcement will be used to:

1. provide personnel for law enforcement, local anti-terrorism efforts, homeland security, and community-oriented policing services, whose expanded role will include intelligence gathering, local preparedness, community awareness, and "first response" capabilities to extraordinary emergencies;

2. provide communications and specialized equipment for law enforcement personnel throughout Los Angeles County, including independent cities; and support resources required for Regional and Countywide "Mutual-Aid" effectiveness;

3. expand inter-agency coordination and standardized training for public safety services, local anti-terrorism operations, homeland security, intelligence gathering, and "first response" capabilities (Emergency Operations Center EOC/Terrorism Early Warning); and

4. other traditional law enforcement services.

B. Allocation of Revenues received by the County.

1. First, from the funds allocated to the County by the State Board of Equalization, the Auditor-Controller shall be reimbursed for actual and necessary direct and indirect costs incurred while complying with this Ordinance. Actual and necessary direct and indirect costs shall be those from the prior fiscal year. They shall be apportioned to the County and each city in proportion to each entity's anticipated share of the proceeds of the tax collected pursuant to this Ordinance.

2. Of the remaining funds:

- a. The Oversight Committee provided for in this Ordinance will decide on an equitable allocation to the Sheriff of Los Angeles County to provide for a Countywide Interoperability system and the ongoing maintenance of that system;
- b. Five percent will be allocated to the Sheriff of Los Angeles County, who performs Countywide duties required by law;
- c. The remaining funds shall be distributed to the unincorporated area and all cities within Los Angeles County, with a minimum allocation of \$500,000 to each jurisdiction. The remaining amount shall be equally distributed based on population percentage. However, the total allocation amount shall not exceed a city's total public safety budget for the previous fiscal year.

C. Maintenance of Effort.

- 1. In order to assist local governments in maintaining a sufficient level of public safety services, the proceeds of this section shall be designated exclusively to maintain, improve, or expand funding of local law enforcement. Local financial resources to the Sheriff, and city law enforcement agencies shall not be reduced below the adopted budget for the 2003/04 fiscal year.

For purposes of this paragraph, the adopted budget for the 2003/04 fiscal year may be adjusted to reflect reduced expenditures necessitated by reductions in state and federal assistance, or reductions in any other revenue source beyond the control of that local government entity.

If a loss or reduction in local general purpose financial resources occurs, proceeds from this Ordinance may be used to ensure public safety funding is not reduced below the adopted budget for the 2003/04 fiscal year, only if local financial resources to public safety are not reduced more than the total percent of the loss or reduction within the affected year.

D. Unspent Funds.

Any unspent proceeds from this Ordinance by the Sheriff, or a city, within a fiscal year, shall be held in a public safety reserve trust account established by that entity. Use of those trust funds shall be determined under rules and regulations described by this Ordinance, and monitored for accountability by an oversight committee described in 4.69.090.

4.69.060. Application of sales and use tax provisions of Revenue and Taxation Code.

The provisions contained in Part 1 of Division 2 of the Revenue and Taxation Code (Sales and Use Taxes, commencing with Section 6001), insofar as they relate to sales or use taxes and are not inconsistent with Part 1.6 of Division 2 of the Revenue and Taxation Code (Transactions and Use Taxes), commencing with Section 7251, and all amendments thereto shall apply and be part of this Ordinance, being incorporated by reference herein.

Pursuant to the provision of Revenue and Taxation Code Section 7270, the County shall contract with the California State Board of Equalization to perform all functions incident to the administration and operation of the ordinance.

4.69.070. Adoption of Revenue and Taxation Code Sections 7261 and 7262.

Pursuant to the provision of Revenue and Taxation Code Section 7262.2, the required provisions of Sections 7261 and 7262 of that Code as now in effect or as later amended are adopted by reference in this Ordinance.

4.69.080. Place of consummation of retail transaction.

For the purpose of a retail transaction tax imposed by this Ordinance, all retail transactions are consummated at the place of business of the retailer, unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for the delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the State sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State, or has more than one place of business, the place or places at which the retail sales are consummated for the purpose of the transactions tax imposed by this Ordinance shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

4.69.90. Accountability Measures.

The Auditor-Controller of the County of Los Angeles shall create a new account into which the proceeds from the special tax received from the State Board of Equalization shall be deposited. The Auditor-Controller shall file a report with the County Board of Supervisors, stating the amount of funds collected and expended pursuant to this measure. This report shall be filed upon receipt of proceeds from this Ordinance, and every January 1 thereafter. Each entity authorized to receive an allocation of funds from this Ordinance shall annually adopt, in a public meeting, an accounting of the use of funds, and funds held in reserve. This report shall be filed no later than September 30 of each year with the Auditor-Controller of the County. Proceeds shall be distributed to the Sheriff of Los Angeles County, and all cities in Los Angeles County, as prescribed under Section 4.69.050. The use of funds shall be evaluated under rules and regulations adopted by an Oversight Committee consisting of the President of the Los Angeles County Police Chiefs Association, the Sheriff of Los Angeles County, a municipal finance director appointed by the League of California Cities, Los Angeles Division, a city manager appointed by the California Contract Cities Association. The rules and regulations adopted by the Oversight Committee shall provide for penalties for inappropriate uses of funds collected pursuant to this Ordinance.

4.69.100. Effective and Operative Dates.

This ordinance shall take effect when approved by a two-thirds vote of the qualified voters of the County voting in an election on the issue. The ordinance will become operative on the first day of the first calendar quarter commencing more than 110 days after the Ordinance takes effect.

SECTION 4.

The votes cast for and against the Proposition shall be separately counted and if the Proposition receives the required number of votes, to wit: two-thirds of the votes of the qualified electors voting on the Proposition, the special tax in the amounts and for the purposes stated herein shall be effective and levied by the County.

SECTION 5.

All qualified voters of the County residing within the cities and unincorporated area of the County shall be permitted to vote in the election to be held as nearly as practicable in conformity with the Elections Code of the State of California.

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